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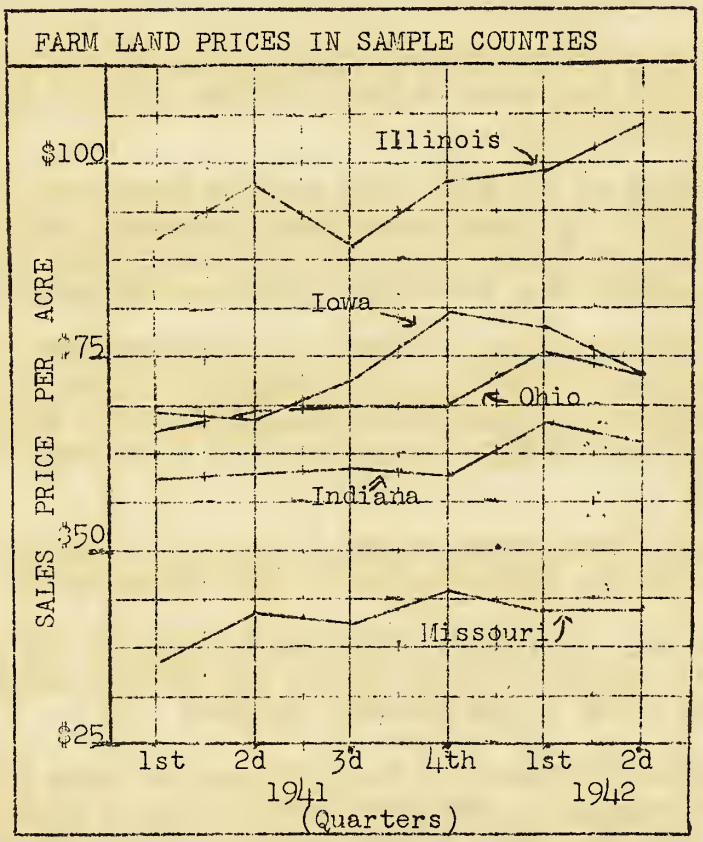
UNITED STATES DEPARTMENT OF AGRICULTURE
BUREAU OF AGRICULTURAL ECONOMICS

WARTIME LAND MARKET SURVEY IN THE NORTH CENTRAL STATES

Second Quarter 1942



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SUMMARY

1. Average sale prices the first six months of 1942 were about 10 percent above those for the same period in 1941. Prices for the second quarter 1942 averaged 8 percent above those of a year earlier.

2. The average price of land sold during the second quarter of 1942 was higher than the average price for the first quarter in 15 of the 28 counties. No change in average price was indicated in 2 counties, while 11 counties showed a decrease.

3. The greatest price increases were noted in the best land areas. Only a limited number of the better farms were reported available at current prices, while there was a plentiful supply of the lower grade farms.

4. The volume of transfers in the second quarter of 1942 as compared to a year earlier increased in Ohio, Indiana and Iowa but decreased in Illinois and Missouri.

5. Nearly two-fifths of all 1942 sales were by corporations and estates, but the proportion by insurance companies declined during the second quarter. About one-third of the sales by individuals in 1942 were made by owner-operators, but only a small proportion were retiring.

6. Insurance company holdings are small or nonexistent in the Ohio and Indiana companies, but still are an important factor in Iowa and Missouri. Insurance company sales usually are made during the fourth and first quarter, however, because most of their buyers wish March occupancy.

7. The proportion of buyers purchasing to operate remained at about the same level as in the first quarter of 1942 (59 percent).

8. The proportion of sales partly financed by mortgage (63 percent), and the buyer's equity in these tracts (35 percent) remained at about the same level as the previous quarter.

9. Sellers financed 33 percent of the mortgages on farms sold during 1942. Assumed mortgages were used in financing 19 percent, while new lenders furnished money for 48 percent of the mortgages. Of the new lenders, 44 percent of the loans were made by commercial banks, 9 percent by individuals, 15 percent by insurance companies, 9 percent by the Federal Land Bank, and 13 percent by FSA and others.

WARTIME LAND MARKET SURVEY 1/

Second Quarter 1942 2/

The period April 1 to June 30, 1942 was characterized by a seasonal decline in activity and a temporary halt to the upward trend in sale price which had prevailed for previous quarters. Many of the sales recorded during this period represented agreements made during the winter and early spring or involved non-crop land or farms where immediate possession could be given. Farmers usually buy at or near a time when possession can be obtained, while investor buyers may buy at any time. Both types of buyers, however, usually postpone their inquiries until crops are harvested, and, consequently, real estate dealers reported few inquiries during the second quarter. Most valid comparisons are limited, therefore, to the same period in 1941.

Trend of Sale Prices in the North Central Region.

No net change occurred in the regional average price during the second quarter. The price trend in individual counties varied, however, 15 showing increases, 11 decreases, while two remained at the same level as for the first quarter of 1942. When state averages of the sample counties are considered, only Illinois showed an increase over the first quarter, while Iowa, Indiana and Ohio registered decreases. The average price for Missouri showed no change.

The regional average sale price for the second quarter of 1942 was 8 percent above that of the second quarter of 1941. This may be compared with the 13 percent increase noted for the first quarter of 1942 over the first quarter of 1941.

1/ Assistance in collecting and tabulating the data for this survey was provided by the departments of agricultural economics in the Agricultural Experiment Stations in the states concerned.

2/ This report is the second in a series presenting current information on farm real estate activity in selected counties in the North Central States. The data include only bona fide transfers and were obtained from deed and mortgage records in the county recorders' offices. The information on buyers and sellers was obtained from local people in the various counties and in Missouri and Illinois was supplemented by mail questionnaires.

Table 1. Trend in selling price of farm land per acre. North Central States. 1941 and 1942.

State and county 1/	1941		1942			Percent change 2/
	1st Half	2d Half	1st Quarter	2d Quarter	1st Half	
Illinois	$ 93	$ 95	$ 99	$105	$101	9
Champaign	121	139	153	132	152	25
Clinton	53	52	49	54	51	- 4
Knox	82	98	80	93	83	1
Logan	119	135	129	142	133	12
McHenry	100	83	83	113	91	- 9
Ogle	83	63	98	98	98	18
Indiana	60	61	67	64	65	8
Grant	78	93	86	78	82	5
Jennings	22	16	18	20	19	-14
Knox	47	49	53	60	56	19
Noble	54	46	51	54	52	- 4
Rush	87	91	100	102	101	16
Tippecanoe	70	71	87	67	80	14
Iowa	68	76	79	73	78	15
Cedar	88	91	96	97	96	9
Clarke	29	32	34	34	34	17
Crawford	59	62	60	54	59	0
Fayette	56	61	65	52	63	13
Palo Alto	76	92	93	73	89	17
Story	99	120	123	128	124	25
Missouri	38	43	43	43	43	13
Audrain	24	26	28	26	27	13
Harrison	24	27	31	32	31	29
Lawrence	25	28	22	26	23	- 8
Nodaway	49	50	48	49	49	0
Pemiscot	68	85	84	83	84	24
Ohio	66	67	71	68	69	5
Darke	81	89	81	87	83	2
Medina	68	77	83	77	79	16
Madison	84	77	86	78	82	- 2
Muskingum	30	26	35	29	31	3
Putnam 3/	78	85	100			
Seneca 3/	58	63	72			
Wisconsin						
Barron 3/	21	22	22	29	24	14
Jefferson 3/	4/	4/	66	68	66	4/
Lafayette 3/	41	42	54	4/	4/	4/
Regional Sample	66	70	72	72	72	10

1/ State and Regional figures are simple averages for sample counties.
2/ Percentage change, first half of 1942 over first half 1941.
3/ Counties not included in state or regional summary.
4/ Not available.

Average price per acre of land sold in sample counties

State	2d quarter 1941	2d quarter 1942	Percent change
Illinois	$97	$105	8
Indiana	60	64	6
Iowa	67	73	9
Missouri	42	43	3
Ohio	64	66	7
Regional Sample	$67	$72	8

When a comparison is made of the average price for the first six months of 1942 over that for a year previous, the sample counties showed an increase of 10 percent for the region. Iowa showed the largest increase, 15 percent, compared with 13 percent for Missouri, 9 percent for Illinois, 8 percent for Indiana and 5 percent for Ohio.

Variations in the quality of land transferred from quarter to quarter continues to be a serious limitation to the use of sale prices as a measure of land value movements. A partial indication of this situation is given by the higher average selling price reported in some areas for insurance company sales than for those made by individuals. Insurance companies have limited their lending activities to the better grades of land and, consequently, the farms now sold may be of above average quality. A concentration of insurance company sales in any one quarter, therefore, may cause the average sale price to be above that current for the average quality of land within the area. In Palo Alto County, Iowa, for example, 31 tracts sold by insurance companies the first quarter of 1942 average $103 per acre, while 27 tracts sold by individuals averaged $84. A similar comparison for Fayette County, Iowa, showed that insurance company sales averaged $72 while sales by individuals averaged $60.

Some additional insight into the question of quality differences is afforded by an analysis for Darke County, Ohio.3/ The AAA productivity index was obtained for 123 tracts sold in 1941 and for 96 tracts sold during the first six months of 1942. Some comparisons are shown in

3/ Mr. R. C. Headington, Department of Rural Economics, Ohio State University, secured the additional data for this comparison and prepared the analysis.

Table 2. Number of voluntary sales of farm land. North Central States, by quarters, 1941-1942. (Includes all deeds dated that quarter regardless of date of recording.)

State and county 1/	1941				1942	
	1st	2d	3rd	4th	1st	2d
Illinois	260	175	184	224	319	120
Champaign	24	5	20	35	58	4
Clinton	13	21	22	21	19	12
Knox	56	36	24	36	81	31
Logan	33	26	18	22	50	21
McHenry	71	54	75	77	68	27
Ogle	63	33	25	33	43	25
Indiana	228	161	150	159	219	160
Grant	36	27	28	29	40	41
Jennings	39	40	26	28	27	28
Knox	27	20	21	22	43	29
Noble	41	33	29	34	44	30
Rush	32	16	24	21	24	10
Tippecanoe	53	25	22	25	41	22
Iowa	325	118	154	159	343	95
Cedar	48	21	18	21	42	13
Clarke	66	27	22	32	61	17
Crawford	47	12	24	34	63	19
Fayette	55	22	41	27	80	16
Palo Alto	61	24	36	26	70	14
Story	48	12	13	19	27	16
Missouri	373	182	193	347	424	130
Audrain	68	31	41	53	81	35
Harrison	95	25	25	70	96	25
Lawrence	66	44	65	78	52	35
Nodaway	86	52	35	60	160	20
Pemiscot	58	30	27	86	35	15
Ohio	272	214	231	239	278	
Darke	70	54	58	66	73	61
Medina	40	65	57	62	50	64
Madison	28	13	21	20	25	20
Muskingum	40	35	37	34	29	42
Putnam 2/	36	18	25	25	43	
Seneca 2/	58	29	33	22	58	
Wisconsin						
Barron 2/	45	41	33	57	81	31
Jefferson 2/	3/	3/	3/	3/	54	27
Lafayette	24	12	8	25	23	3/
Regional Sample	1364	803	854	1071	1482	692

1/ State and regional data are for sample counties only.
2/ Not included in regional summary.
3/ Not available.

the following table.

AAA productivity index group	Percent of tracts in each index group		Average selling price	
	1941	6 months 1942	1941	6 months 1942
125 to 149	58	38	$96	$102
100 to 125	38	51	$69	$ 71

Although the above analysis should be repeated for other counties in order to be conclusive, the general opinion of observers in numerous counties bears out the evidence above that the quality of land being transferred is now below that of a year ago. Thus in Darke County 58 percent of the tracts sold last year carried a productivity index of between 125 and 149 percent of the national average, whereas only 38 percent of the tracts sold the first 6 months of 1942 fell in this group. It also may be noted that the increase in price was largest with the group of tracts bearing the higher productivity index.

Percentage increases from quarter to quarter based upon selling price should, therefore, be interpreted in the light of such variations in quality. There is no logic in using such percentages to estimate the change occurring in the total value of farm real estate for a state or the entire country.

Volume of Transfers.

The number of sales in Illinois, Iowa and Missouri made and recorded during the second quarter declined to about half the number for the first quarter 1942. This is consistent with the normal seasonal decline in recordings in these states, however, and does not necessarily indicate that a downward trend is under way. In Ohio and Indiana there is normally little seasonal variation in the number of transfers and a smaller lag in recording deeds. In a comparison of the volume for the second quarter of 1942 with that of a year ago, Indiana showed an increase of 19 percent, Ohio 24 percent and Iowa 10 percent. Illinois and Missouri, however, showed significant decreases.

Changes in volume of transfers appear to bear no relationship to changes in county average selling price. Apparently the price increase noted during the past 18 months is due to income factors rather than to any pronounced increase in the rate of turnover of farm property.

Table 3. Number and percent of tracts of farm land sold by various classes of sellers, North Central States, first half 1942.

State or county 4/	Total	Owner-operators	Non-farmers	Unclassified individuals	Estates	Corporations and public
Illinois	341	54	143	52	68	24
Champaign 1/						
Clinton	31	5	17	0	8	1
Knox	112	23	43	10	27	9
Logan	71	6	30	6	24	5
McHenry 2/	67	8	36	19	5	0
Ogle 2/	60	12	17	17	4	9
Indiana	396	94	165	25	70	42
Grant	81	15	33	10	17	6
Jennings	49	20	21	2	2	4
Knox	57	20	15	3	7	12
Noble	95	16	47	7	16	9
Rush	35	11	13	1	7	3
Tippecanoe	79	12	36	2	21	8
Iowa	430	71	120	11	55	173
Cedar	48	13	13	0	14	8
Clarke	74	8	19	3	11	33
Crawford	89	13	19	0	5	52
Fayette	92	17	33	4	10	28
Palo Alto	84	8	22	4	11	39
Story	43	12	14	0	4	13
Missouri	553	86	212	12	44	199
Audrain	116	20	56	0	13	27
Harrison	123	18	26	0	13	66
Lawrence	84	17	38	12	3	14
Nodaway	180	12	67	0	14	87
Pemiscot	50	19	25	0	1	5
Ohio	333	82	102	61	74	14
Darke	128	14	54	22	32	6
Medina	107	37	24	30	14	2
Madison	41	13	9	5	10	4
Muskingum	57	18	15	4	18	2
Putnam 3/						
Seneca 3/						
Wisconsin						
Barron	101	22	24	0	16	39
Regional Sample	2154	409	766	161	327	491
			(Percentage)			
Illinois	100	16	42	15	20	7
Indiana	100	24	42	6	18	10
Iowa	100	16	28	3	13	40
Missouri	100	16	38	2	8	36
Ohio	100	25	31	18	22	4
Regional Sample	100	19	36	7	15	23

1/ Not available. 2/ Data for first quarter 1942 only.
3/ Not included in regional or state summary.
4/ State and regional data are for sample counties only.

Types of Buyers and Sellers

The proportion of purchases and sales by operators during the second quarter of 1942 remained at about the same levels as for the previous quarter with about 59 percent of the purchases and 20 percent of the sales being made by this group. The proportionally larger number of purchases than of sales by operators indicates a continuing increase in owner-operation, ignoring changes in tenure status from other causes.

Estate liquidation now appears to be at a rate in excess of accumulations, the number of such transfers showing an increase of about 50 percent over the previous quarter. Delays in clearing title with numerous heirs often cause a lag in giving deeds, and this in turn may be partly responsible for the concentration of estate sales in the second quarter.

The proportion of the sales by corporations decreased slightly during the quarter but still constituted nearly one-fourth of the total for the region. In the first half of 1942, 40 percent of the sales in Iowa and 36 percent of the sales in Missouri were by corporations.

There was little change in the proportions of sales made by owner-operators or by other individuals during the second quarter. Differences in percentages for the first quarter 1942 and the first half 1942 were primarily the result of shifts of some sales formerly in the group of unclassified individuals to the owner-operator or nonfarmer categories. Probably less than 10 percent of the sales by individuals were made in order to obtain other farms but few of these persons could be considered as speculators. A number of the nonfarmers gave "profit on investment" as their reason for selling their land but few of these indicated any intention of purchasing other land. A slightly larger proportion of the purchasers were nonfarmers in the second quarter of 1942 than in the first quarter. The proportion of purchasers in the different groups in the various states remained fairly constant in their relationships to each other.

Over 60 percent of the tracts purchased by prospective operators during the first half of 1942 were full farm units. Such farms averaged 118 acres compared to 77 acres for tracts purchased as additions to existing farms. About 11 percent of the full farm units were purchased to replace farms recently sold by the purchaser while about 4 percent were to replace farms lost by foreclosure during the last ten years.

Table 4. Number and percent of tracts of farm land purchased by various classes of buyers, North Central States, first half 1942.

State and county 1/	Total transfers	Owner-operator	Tenants and other farmers	Nonfarmers		Indivi-duals un-classified	Corp-orate
				Resident	Non-resident		
			(Number)				
Illinois	342	83	38	148	18	54	1
Champaign 2/	23	13	4	5	0	1	0
Clinton	31	5	5	16	0	5	0
Knox	106	27	17	41	6	14	1
Logan	71	17	4	30	7	13	0
McHenry 2/	68	5	4	38	0	21	0
Ogle 2/	43	16	4	18	5	0	0
Indiana	359	104	66	101	47	41	0
Grant	81	33	9	24	0	15	0
Jennings	50	10	11	11	16	2	0
Knox	56	18	9	15	8	6	0
Noble	74	21	18	14	8	13	0
Rush	35	9	10	7	9	0	0
Tippecanoe	63	13	9	30	6	5	0
Iowa	441	93	190	78	35	44	1
Cedar	55	17	19	9	3	7	0
Clarke	76	22	23	11	12	8	0
Crawford	91	17	42	16	4	12	0
Fayette	91	19	33	25	5	9	0
Palo Alto	84	13	53	8	4	6	0
Story	44	5	20	9	7	2	1
Missouri	551	165	149	106	32	98	1
Audrain	114	26	37	25	12	13	1
Harrison	124	44	34	20	5	21	0
Lawrence	84	28	12	12	3	29	0
Nodaway	179	47	51	38	12	31	0
Pemiscot	50	20	15	11	0	4	0
Ohio	323	76	47	109	3	87	1
Darke	114	21	13	48	0	32	0
Medina	114	24	15	33	1	41	0
Madison	38	9	10	11	0	7	1
Muskingum	57	22	9	17	2	7	0
Putnam 3/							
Seneca 3/							
Wisconsin							
Barron	102	43	33	16	5	5	0
Regional Sample	2118	564	523	558	140	329	4
			(Percentage)				
Illinois	100	24	11	43	5	16	4/
Indiana	100	29	18	28	13	11	-
Iowa	100	21	43	18	8	10	4/
Missouri	100	30	27	19	6	18	4/
Ohio	100	24	14	34	1	27	4/
Regional Sample	100	27	25	26	7	15	4/

1/ State and regional data are for sample counties only.
2/ First quarters 1942 only. 3/ Not included in regional summary.
4/ Less than .1 percent.

Investor buyers continue to be primarily local business men although there has been some increases in the number of purchases by non-residents. Most of the nonfarmer purchases of farm land are for investment rather than for speculation. Many investor buyers are seeking a hedge against inflation as well as attractive wartime farm rental incomes and the majority recognize the possibility of a deflation of farm commodity and farm land prices after the war.

Financing of Farm Purchases.

No changes occurred in the proportion of tracts partly financed by mortgage or in the debt-to-value ratio during the second quarter of 1942. Survey data indicate that 63 percent of the total farm sales were partly financed by mortgages and the buyer's equity in mortgaged properties was 35 percent of the sale price. The debt load was heaviest in Missouri where the buyer's equity amounted to only 24 percent, while Iowa buyers paid down about a third of the purchase price. Buyer's equity was highest in Indiana, averaging 42 percent of the purchase price. For individual counties the buyer's equity varied from a low of 21 percent to a high of 60 percent.

A further analysis of buyer's equity was made for the Iowa and Missouri counties to show the debt load carried by each of the three major types of buyers.

Percentage of tracts mortgaged and percent of equity, by type of buyer, first half 1942.

State and county	Number mortgaged tracts	Percent of tracts mortgaged			Percent buyer's equity		
		Owner-operators	Tenants	Non-farmers	Owner-operators	Tenants	Non-farmers
Iowa	318	51	83	61	34	31	44
Cedar	47	60	76	45	45	37	38
Clarke	56	47	89	63	31	23	38
Crawford	68	56	92	69	30	30	43
Fayette	83	32	73	48	35	31	43
Palo Alto	64	62	85	83	29	33	58
Missouri	440	69	92	69	29	27	33
Audrain	94	43	93	67	24	29	30
Harrison	106	82	98	77	22	18	24
Lawrence	58	52	91	61	37	17	28
Nodaway	140	75	98	67	27	22	38
Pemiscot	42	95	80	75	35	47	44
Ohio							
Darke	78	48	85	39	30	29	49
Medina	67	68	86	40	42	21	36

Table 5. Number and size of tracts purchased for owner-operation, by reason for purchase, North Central States, first half 1942.

State and county 1/	Replace land Sold	Replace land Lost	Other operating units	Addition to present farm	Average acres in: Full units	Average acres in: Additions
			(number)		(acres)	
Illinois	9	1	38	46	149	94
Champaign 2/	4	0	10	9	3/	3/
Clinton	0	0	6	4	99	78
Knox 4/	0	0	5	3	127	122
Logan	2	0	6	16	173	110
McHenry 2/	2	0	4	3	172	51
Ogle 2/	1	1	7	11	173	111
Indiana	16	0	80	83	94	60
Grant	5	0	15	24	55	50
Jennings	5	0	15	5	110	39
Knox	2	0	12	18	102	62
Noble	2	0	19	19	109	61
Rush	2	0	8	4	78	61
Tippecanoe	0	0	11	13	111	85
Iowa	11	12	182	65	138	79
Cedar	3	1	19	11	122	101
Clarke	3	3	19	18	177	80
Crawford	1	6	34	13	111	96
Fayette	2	0	32	14	134	67
Palo Alto	1	1	55	6	158	50
Story	1	1	23	3	96	79
Missouri	25	7	176	130	113	82
Audrain	5	1	36	27	146	73
Harrison	3	3	40	35	130	100
Lawrence	8	1	19	22	84	72
Nodaway	6	1	59	37	119	94
Pemiscot	3	1	22	9	88	72
Ohio	14	3	63	70	92	68
Darke	1	0	18	18	79	53
Medina	7	0	12	13	87	49
Madison	1	2	10	8	125	120
Muskingum	1	0	11	21	111	69
Putnam 2/	3	-	4	7	77	54
Seneca 2/	1	1	8	3	72	62
Wisconsin						
Barron	0	2	38	41	90	68
Regional Sample	75	27	577	435	118	77

1/ State and regional figures are for sample counties only.
2/ First quarter 1942 only.
3/ Not available.
4/ Second quarter 1942 only.

Although investor-buyers usually are considered to be cash or large-equity buyers, these data indicate their true financial position with respect to farm purchases is little stronger than that of owner-operators. Tenants carry the largest debt load, but the spread between buyer groups is not as great as might be expected. Apparently the liberal credit terms prevailing in these states and the willingness of corporate agencies to make sales practically without regard to the size of downpayment has encouraged all types of buyers.

In the previous report data were presented for Missouri and Illinois which indicated that the debt position of buyers in 1942 was considerably less favorable than in 1941. Similar data are now available for the Iowa counties showing for each of three six-months periods the percentage of tracts mortgaged and the percentage equity held by the buyer.

Iowa county	Percent of tracts mortgaged*			Percent buyer's equity*		
	1941		1942	1941		1942
	1st half	2d half	1st half	1st half	2d half	1st half
Clarke	58	56	66	27	31	31
Crawford	77	67	78	25	35	27
Fayette	64	67	54	27	36	36
Palo Alto	88	64	79	24	28	30

* Percentages based only on mortgage-financed transfers. Purchase contracts are not included.

In the past a period of rising farm commodity prices has been accompanied by an increased number of purchases by small-equity buyers and a lowering of downpayment requirements by sellers and lenders. This does not appear to be the case during the past 18 months, however, since these data indicate a slight improvement in the ratio of debt to value. The proportion of sales financed by mortgage shows no change, increasing in two counties and decreasing in two. Certain insurance companies will accept a mortgage for up to 85 percent of the selling price, but the average for all lending agencies appears to be about 75 percent of value. The majority of buyers are apparently still able to meet these terms. There is evidence, however, that the purchase contract is being more widely used to finance small-equity buyers, and this may partly account for the apparent stability of credit terms in Iowa. Buyers who formerly gave a mortgage for up to 90 percent of the sale price are now buying on contract. The seller prefers this type of sale to the usual deed and mortgage type because in case of default he can secure possession within 30 days at small cost. Over one-fourth of all farm

Table 6. Number of farms transferred by type of financing and buyers equity in mortgaged property, North Central States, first half 1942.

State and county 1/	Total 2/ Reported	Cash	Cash & mortgage	Tracts mortgaged	Buyer's equity in mortgaged property
		(number)		(percent)	
Illinois	193	108	85	44	41
Clinton	27	23	4	15	39
Knox	98	50	48	49	43
Logan	68	35	33	49	44
Indiana	359	129	230	64	42
Grant	81	27	54	67	42
Jennings	49	22	27	55	40
Knox	57	28	29	51	34
Noble	74	25	49	66	39
Rush	35	7	28	80	39
Tippecanoe	63	20	43	68	60
Missouri	446	105	341	76	24
Audrain	112	30	82	73	22
Harrison	86	21	65	76	21
Lawrence	72	25	47	65	26
Nodaway	127	21	106	83	25
Pemiscot	49	8	41	84	28
Iowa	400	124	276	69	33
Cedar	50	23	27	54	41
Clarke	70	24	46	66	31
Crawford	79	17	62	78	27
Fayette	92	42	50	54	36
Palo Alto	72	15	57	79	30
Story	37	3	34	92	43
Ohio	358	154	204	57	36
Darke	134	59	75	56	38
Medina	108	41	67	62	36
Madison	45	13	32	71	47
Muskingum	71	41	30	42	24
Regional Sample	1756	620	1136	65	35

1/ State and regional figures are for sample counties only.
2/ Contracts not included.

sales in Palo Alto County, for example, were of this type, and the buyer's equity averaged 12 percent. Contracts represented a fifth of all sales in Crawford County, the buyer's equity also amounting to 12 percent. The downpayment on contracts in Clarke and Fayette Counties averaged about 18 percent, but there has been no trend in average downpayment in any county.

The smaller equity of buyers in Missouri appears to be due in part to the ease with which property in this State may be recovered in case of mortgage default. A purchase contract provides no special advantage under these conditions and seldom is used. Consequently, all buyers, including those who would be contract buyers under Iowa laws, acquire title by deed and give a large mortgage for the balance.

The proportion of new mortgages retained by the seller decreased in the second quarter of 1942. Many sellers, who in the past have expected to take purchase-money mortgages on the lands they sold, and others who would be willing to do so, are now facing increased competition from other agencies seeking a share of the farm mortgage market. During the first half of 1942 sellers secured only 33 percent of the new mortgage loans while new lenders furnished credit for 48 percent of the mortgage-financed sales and assumed mortgages were used to finance 19 percent.

Local banks are the most important group of new lenders financing land transfers, having made 48 percent of all new mortgages, compared to 19 percent for individuals, 15 percent for insurance companies, 9 percent for federal credit agencies and the balance of 13 percent by Farm Security Administration and others. Local banks largely control this segment of the lending field in Missouri, Ohio and Indiana while insurance companies still maintain a strong lender position in Illinois and Iowa.

Limited alternative investment opportunities and the high rate of interest on farm mortgages relative to other investments has prompted local banks to again enter the farm mortgage field. If the present trend in this direction continues, it appears likely that farmers may again be forced to refinance short-term bank mortgages at a time when income and farm values have declined and credit is generally limited. Credit control measures which would reduce the competition for new farm loan business and protect farmers against early foreclosure are urgently needed in some areas.

Table 7. Sources of mortgage credit used in financing land transfers, North Central States, first half 1942.

State and county 1/	Total	Retained by seller	Other new mortgages	Assumed mortgages
		(number)		
Illinois	125	12	84	29
Clinton	4	0	3	1
Knox	50	8	33	9
McHenry 2/	34	1	25	8
Logan	37	3	23	11
Indiana	236	42	134	60
Grant	53	7	33	13
Jennings	29	10	12	7
Knox	29	6	14	9
Noble	50	13	24	13
Rush	30	4	16	10
Tippecanoe	45	2	35	8
Iowa	240	109	90	41
Cedar	25	3	18	4
Clarke	48	24	18	6
Crawford	65	34	16	15
Fayette	44	24	12	8
Palo Alto 2/	45	19	19	7
Story 2/	13	5	7	1
Missouri	411	212	130	69
Audrain	80	31	37	12
Harrison	97	69	17	11
Lawrence	48	21	18	9
Nodaway	145	82	46	17
Pemiscot	41	9	12	20
Ohio	256	50	169	37
Darke	75	12	54	9
Medina	69	22	44	3
Madison	33	5	17	11
Muskingum	30	3	22	5
Putnam 2/	21	2	14	5
Seneca 2/	28	6	18	4
Regional Sample	1268	425	607	236
		(percentage)		
Illinois	100	10	67	23
Indiana	100	18	57	25
Iowa	100	45	38	17
Missouri	100	51	32	17
Ohio	100	20	66	14
Regional Sample	100	33	48	19

1/ State and regional figures are for sample counties only.
2/ First quarter only.

Table 8. Types of lending agencies other than seller making new mortgage loans, North Central States, first half 1942.

State and county 1/	Total	Individuals	Federal Land Banks	Insurance companies	Commercial banks	FSA & other
			(number)			
Illinois	75	14	9	24	21	7
Clinton	3	0	0	0	2	1
Knox	33	3	4	6	17	3
McHenry 2/	25	7	4	10	1	3
Logan	14	4	1	8	1	0
Indiana	134	16	11	21	74	12
Grant	33	0	0	12	21	0
Jennings	12	4	0	0	7	1
Knox	14	3	1	1	8	1
Noble	24	7	1	1	12	3
Rush	16	1	2	3	6	4
Tippecanoe	35	1	7	4	20	3
Iowa	90	17	15	25	25	8
Cedar	18	2	3	8	5	0
Clarke	18	7	4	0	6	1
Crawford	16	3	2	1	7	3
Fayette	12	3	3	5	1	0
Palo Alto 2/	19	2	3	8	4	2
Story 2/	7	0	0	3	2	2
Missouri	130	35	13	10	40	32
Audrain	37	13	1	2	12	9
Harrison	17	3	2	2	8	2
Lawrence	18	5	0	0	11	2
Nodaway	46	12	10	5	7	12
Pemiscot	12	2	0	1	2	7
Ohio	168	30	5	13	104	16
Darke	54	11	0	2	33	8
Medina	44	8	2	0	34	0
Madison	16	1	0	8	6	1
Muskingum	22	5	0	0	10	7
Putnam 2/	14	3	1	2	8	0
Seneca 2/	18	2	2	1	13	0
Regional Sample	597	112	53	93	264	75
			(percentage)			
Regional Sample	100	19	9	15	44	13

1/ State and regional figures are for sample counties only.
2/ First quarter only.